

Message Text

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62

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 RSR-01 /122 W

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R 201530Z JUL 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9923

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS ROME 7179

E.O. 11652: N/A

TAGS: EFIN, ETRD, AGR, EEC, IT

SUBJECT: ITALIAN AGMIN COMMENTS ON LIRA FLOAT EFFECT ON CAP PLUS
ITALIAN ECONOMY

PASS AGRICULTURE AND TREASURY

1. /SUMMARY/. AT A PRESS CONFERENCE ON JULY 18 FOLLOWING A MEETING OF EC AGRICULTURAL MINISTERS, ITALIAN AGRICULTURAL MINISTER FERRARI AGGRADI STRONGLY CRITICIZED FLOATING RATES AS DETRIMENTAL TO COMMON AGRICULTURAL POLICY AND SAID THAT LIRA SHOULD REJOIN EC SNAKE WITHOUT DELAY. /END SUMMARY/.

2. FERRARI AGGRADI SAID THAT ONLY A FIXED RATE SYSTEM IS COMPATIBLE WITH THE COMMON AGRICULTURAL POLICY AND THAT LIRA
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FLOAT HAD AN EXTREMELY NEGATIVE IMPACT ON THE ITALIAN FOOD

BUDGET BECAUSE INCREASED IMPORT PRICES RESULTING FROM /DE
FACTO/ DEVALUATION OF LIRA MEAN ACCELERATION OF COST OF LIVING
INCREASES.

3. PRESS COMMENTS SPECULATE WHETHER FERRARI AGGRADI WAS
SPEAKING PERSONALLY OR SENDING UP A TRIAL BALLOON FOR RUMOR
GOVERNMENT. MOST CONCLUDE THAT HIS COMMENTS DID NOT REPRESENT
GOVERNMENT POLICY AND, THAT ECONOMIC MINISTRIES AND CENTRAL
BANK SOURCES WERE DISPLEASED BY HIS STATEMENT. ON JULY 19,
FINANCE MINISTER COLOMBO STATED THAT GOI WAS NOT CONSIDERING
FORMAL DEVALUATION OF LIRA (WHICH WOULD HAVE TO BE TAKEN
CONCURRENTLY WITH REJOINING THE SNAKE).VOLPE

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